

## consolidated financial review

The consolidated operating results include the Sumitomo Bank, Limited (the Bank), 75 consolidated subsidiaries and 38 affiliates, to which the equity method is applied, of the Sumitomo Bank Group. Significant subsidiaries include The Sumitomo Credit Service Company, Limited, SB Leasing Company, Limited, Sumigin General Finance Company Limited, Sumigin Guarantee Company, Limited, SB Investment Co., Ltd., The Bank of Kansai, Ltd., and Sumitomo Bank Capital Markets, Inc. The affiliates accounted for under the equity method include Daiwa Securities SB Capital Markets Co., Ltd., QUOQ Inc., and The Japan Research Institute, Limited.

### income summary

Years ended March 31

### statement of income analysis

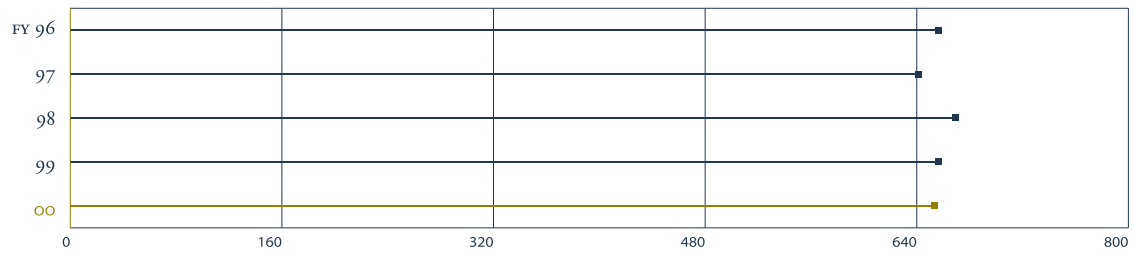
Net interest income for fiscal year 1999 amounted to ¥653.7 billion (\$6,158.4 million), a decline of 0.4% from the previous year. Net fees and commissions decreased by 18.3%, to ¥145.8 billion (\$1,374.1 million). The decrease was mainly attributable to the decline of net fees and commissions earned by Banca del Gottardo, which the Bank sold in fiscal year 1998.

Net trading profits increased by ¥21.3 billion, to ¥46.9 billion (\$441.9 million), principally due to the increase of profits on trading securities.

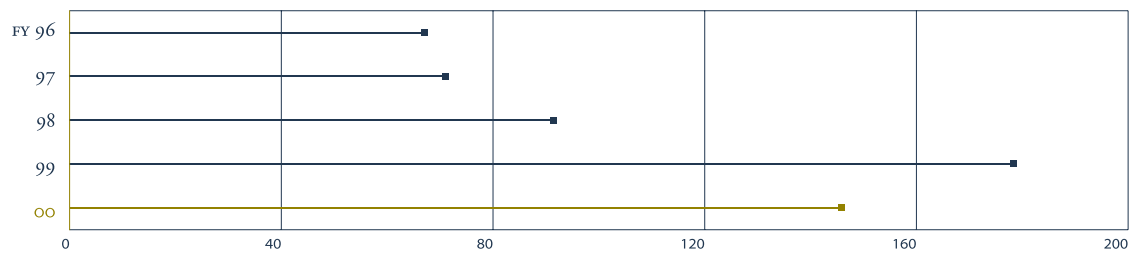
Net other operating income decreased to ¥79.2 billion (\$746.1 million), due to losses on sales of bonds at the Bank.

	Millions of Yen		
	2000	1999	1998
Interest income	¥ 1,528,031	¥ 1,705,261	¥ 1,993, 193
Interest expenses	874,315	1,049,017	1,324,009
Net interest income	¥ 653,715	¥ 656,243	¥ 669,184
Fees and commissions (income)	¥ 182,637	¥ 212,090	¥ 152,036
Fees and commissions (expenses)	36,775	33,634	60,537
Net fees and commissions	¥ 145,861	¥ 178,456	¥ 91,499
Trading profits	¥ 69,760	¥ 107,402	¥ 131,608
Trading losses	22,853	81,847	148,427
Net trading income (loss)	¥ 46,907	¥ 25,555	¥ (16,819)
Other operating income	¥ 589,638	¥ 615,925	¥ 77,904
Other operating expenses	510,433	466,419	63,309
Net other operating income	¥ 79,204	¥ 149,506	¥ 14,594
Other income	¥ 643,550	¥ 188,119	¥ 307,760
Other expenses	641,414	778,729	252,178
General and administrative expenses	466,140	523,937	443,646
Transfer to reserve for possible loan losses	245,182	654,245	839,723
Income (loss) before income taxes and minority interests	¥ 216,503	¥ (759,030)	¥ (469,328)
Net income (loss)	¥ 61,875	¥ (568,889)	¥ (251,296)
Net income (loss) per share (Yen)	¥ 18.61	¥ (181.48)	¥ (80.00)

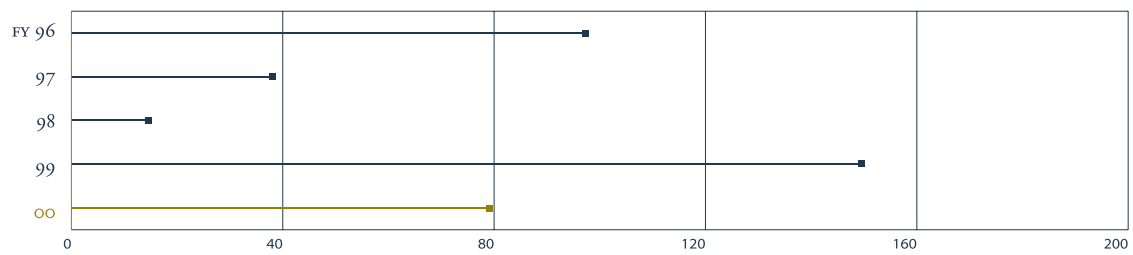
**NET INTEREST INCOME**  
(Billions of yen)



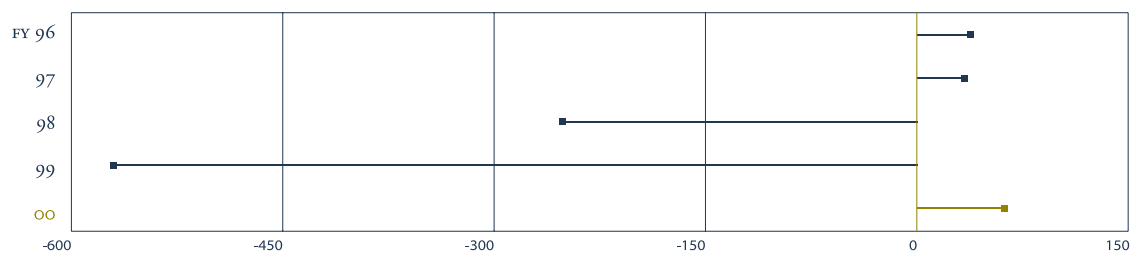
**NET FEES AND COMMISSIONS**  
(Billions of yen)



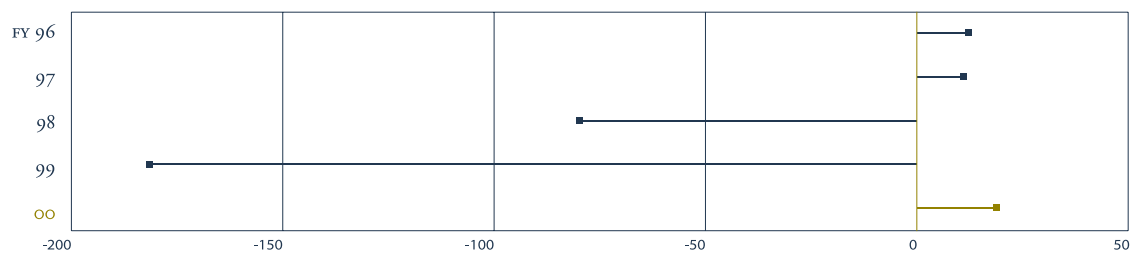
**NET OTHER OPERATING INCOME**  
(Billions of yen)



**NET INCOME (LOSS)**  
(Billions of yen)



**NET INCOME (LOSS) PER COMMON SHARE**  
(Yen)



General and administrative expenses fell by 11.0%, to ¥466.1 billion (\$4,391.3 million). Continuance of the Bank's restructuring and the sale of Banca del Gottardo resulted in a decrease of general and administrative expenses in the consolidated statements of income.

Transfer to reserve for possible loan losses declined by 62.5%, to ¥245.1 billion (\$2,309.7 million). This drastic decrease was due to the decrease of total credit cost of the Bank.

Other income totaled ¥643.5 billion (\$6,062.6 million), a drastic increase of ¥455.4 billion, or 242.1%, over a year earlier, chiefly reflecting an increase in gains on sales of corporate stocks. Other expenses totaled ¥641.4 billion (\$6,042.5 million), a decrease of ¥137.3 billion, or 17.6%, over a year earlier. This was caused by a decrease in loss on sale of loans to the Cooperative Credit Purchasing Co., Ltd. and loss on delinquent loans sold.

#### income summary

Income before income taxes and minority interests amounted to ¥216.5 billion (\$2,039.5 million), yielding a net income of ¥61.8 billion (\$582.9 million) after two consecutive years of net losses. Net income per share was ¥18.61 (\$0.18).

#### balance-sheet analysis

##### *Total Assets*

As of March 31, 2000, the balance of total assets was ¥53,767.5 billion (\$506.5 billion). Compared to the previous year-end, the balance decreased by ¥1,206.3 billion, or 2.2%. This decrease

was caused primarily by the appreciation of the yen against the U.S. dollar and other major foreign currencies and the change in presentation of reserve for possible loan losses from an account of liabilities to a contra account of assets. Nonconsolidated assets amounted to ¥51,089.3 billion (\$481.2 billion) and accounted for 95.0% of the consolidated total assets.

##### *Loans and Bills Discounted*

The balance of loans and bills discounted totaled ¥32,940.8 billion (\$310.3 billion) at the end of the fiscal year. Compared to the previous fiscal year-end, the balance decreased by ¥2,648.8 billion, or 7.4%. This was principally attributable to an increase in write-off of loans and a decrease in overseas offices.

The Japanese Banking Law requires disclosure of problem loans (Risk-monitored Loans), which are classified as follows:

- a) Loans to borrowers under legal bankruptcy procedures,
- b) Nonaccrual loans, including loans to virtually bankrupt and potentially bankrupt borrowers,
- c) Loans past-due for more than three months, excluding a) and b) above, and
- d) Restructured loans (loans for financial assistance and loans for which the Bank and subsidiaries have adjusted the terms in favor of borrowers), excluding a), b) and c) above.

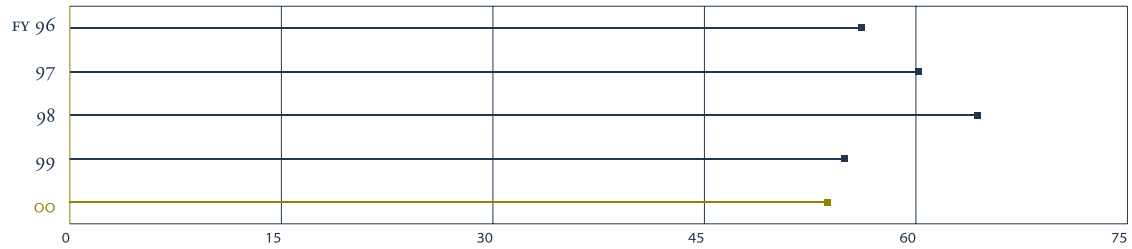
The total of the above loans was ¥2,203.3 billion, and 6.7% of the total loans and bills discounted at the fiscal year-end.

#### total balance

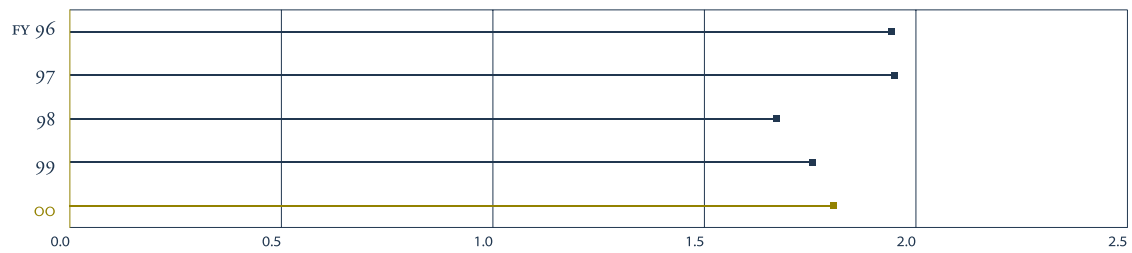
*As of March 31*

	Billions of Yen			
	2000	1999	1998	
Total assets	¥ 53,767	¥ 54,973	¥ 64,369	
Total liabilities	51,383	52,618	62,407	
Minority interests	579	598	290	
Total shareholders' equity	1,804	1,757	1,671	
Exchange rate at March 31 (Yen per U.S. Dollar)	¥ 106.15	¥ 120.55	¥ 132.10	

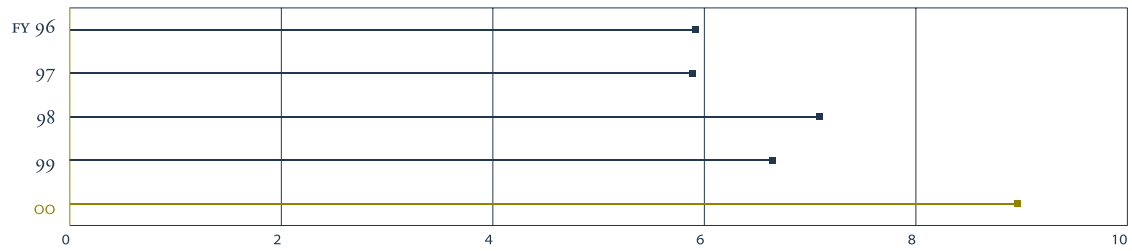
**TOTAL ASSETS**  
(Trillions of yen)



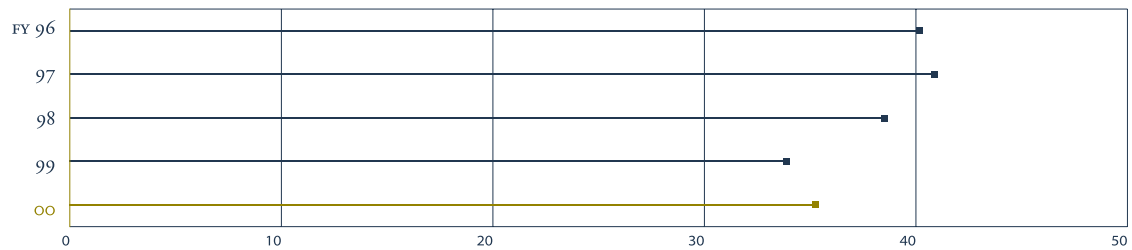
**TOTAL SHAREHOLDER'S EQUITY**  
(Trillions of yen)



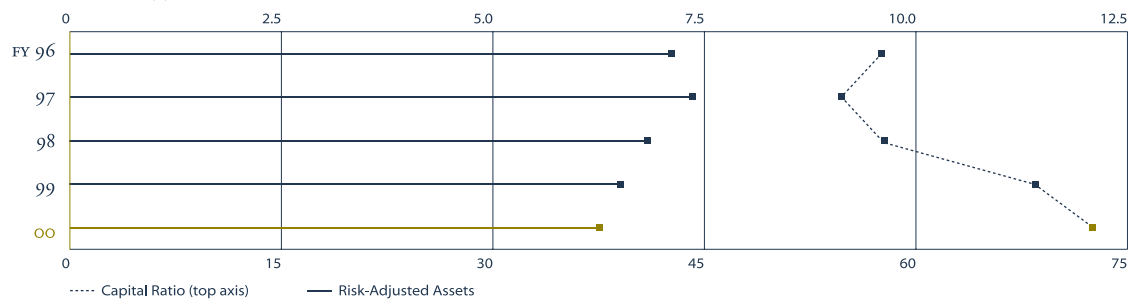
**SECURITIES**  
(Trillions of yen)



**DEPOSITS**  
(Trillions of yen)



**RISK-ADJUSTED ASSETS CAPITAL RATIO**  
(Trillions of yen, %)



### Securities

At the end of fiscal year 1999, securities amounted to ¥8,968.8 billion (\$84.5 billion), an increase of ¥2,325.9 billion, or 35.0%, from the previous year. This is primarily due to the increase of government securities, such as treasury bills and financing bills.

### Deposits

Deposits stood at ¥35,231.3 billion (\$331.9 billion) as of March 31, 2000, an increase of ¥1,322.5 billion, or 3.9%, from the previous year.

### total shareholders' equity

As of March 31, 2000, total shareholders' equity was ¥1,804.3 billion (\$17.0 billion), up ¥47.2 billion, or 2.7%, from the preceding year-end.

### Capital Adequacy

The Bank's risk-based capital adequacy ratio, calculated in accordance with the BIS guidelines, was 11.60% at March 31, 2000, an increase of 0.65% from the prior year.

Capital increased by ¥66.0 billion, or 1.5%, to ¥4,348.3 billion. Of this, Tier I capital, including equity and minority interests, rose by ¥23.6 billion, or 1.1%, to ¥2,203.9 billion.

Tier II capital, which includes subordinated debt and other forms of capital, grew ¥42.4 billion, or 2.0%, to ¥2,144.4 billion.

Total risk assets fell by ¥1,607.1 billion, or 4.1%, to ¥37,476.7 billion. The decrease was due to the translation effect of the strong yen diminishing the value of foreign-currency-denominated risk assets in yen terms and reducing our portfolios of overseas assets.

### capital ratio (consolidated)

As of March 31

		Billions of Yen		
		2000	1999	1998
Tier I capital:	Common shareholders' equity	¥ 1,625.0	¥ 1,582.4	¥ 1,658.2
	Minority interests*	578.8	597.8	290.3
	Subtotal (A)	¥ 2,203.9	¥ 2,180.2	¥ 1,948.6
Tier II capital:	45% of unrealized gains on land	¥ 126.1	¥ 128.5	¥ 168.5
	General reserve for possible loan losses	365.4	348.0	176.8
	Qualifying subordinated debt	1,652.8	1,625.3	1,495.8
	Subtotal (B)	¥ 2,144.4	¥ 2,102.0	¥ 1,841.2
Deductions	Holdings of domestic banking subsidiaries' capital instruments(C)	¥ —	¥ —	¥ 10.0
Total capital:	(A) + (B) - (C) = (D)	¥ 4,348.3	¥ 4,282.2	¥ 3,779.9
Risk-adjusted assets:	On-balance-sheet	¥ 34,744.7	¥ 35,546.5	¥ 36,066.3
	Off-balance-sheet	2,510.8	3,180.2	4,347.7
	Asset equivalent of market risk	221.1	357.0	518.5
	Subtotal (E)	¥ 37,476.7	¥ 39,083.8	¥ 40,932.6
capital ratio (BIS guidelines)				
= (d) / (e) x 100		11.60%	10.95%	9.23%

\* The Bank issued preferred securities through its subsidiaries, which constituted minority interest in Tier I (see Note 18).